



Item: AF: I-6

**AUDIT AND FINANCE COMMITTEE**  
Tuesday, April 21, 2015

**SUBJECT: REVIEW OF AUDITS: FAU 14/15-3, TELECOMMUNICATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 2014.**

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**PROPOSED COMMITTEE ACTION**

Information Only.

**BACKGROUND INFORMATION**

Primary objectives of this audit were to evaluate whether:

- Decentralized responsibilities for oversight of telecommunications activities and charges were documented in accordance with established procedures; and,
- Fiscal and operational oversight for telecommunication contracts, work order requests, and general departmental expenditures were in accordance with established university policies and procedures and sound business practice.

**IMPLEMENTATION PLAN/DATE**

Management has agreed to implement our two audit recommendations by April 1, 2015.

**FISCAL IMPLICATIONS**

Not Applicable.

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**Supporting Documentation:** Audit Report FAU 14/15-3

**Presented by:** Mr. Morley Barnett, Inspector General

**Phone:** 561-297-3682

Report No. FAU 14/15-3  
Report Issue Date: March 3, 2015

FLORIDA ATLANTIC  

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UNIVERSITY™

*Office of Inspector General*

Audit Report: *Telecommunications*  
For the Fiscal Year Ended June 30, 2014

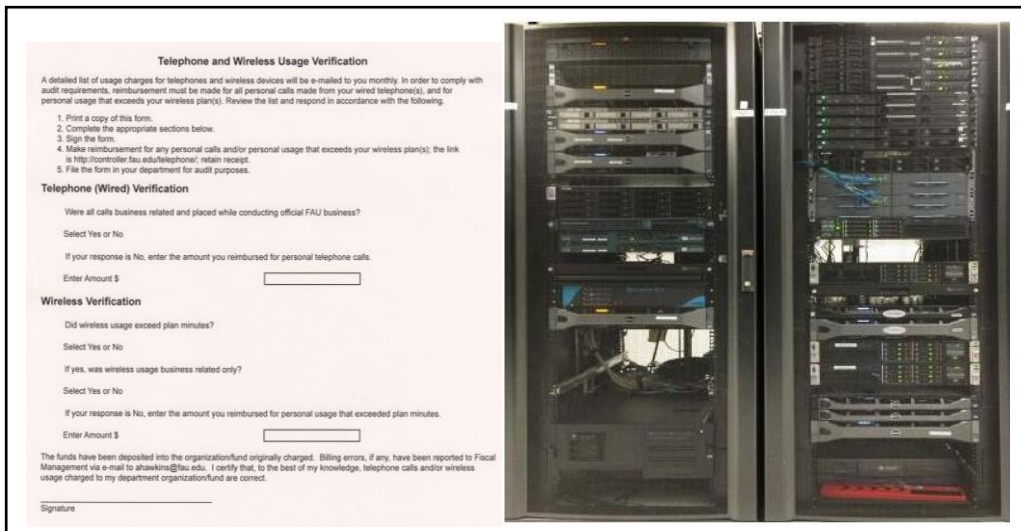
**Use of Report**

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# REPORT ON THE AUDIT OF TELECOMMUNICATIONS

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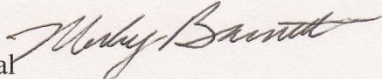
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MEMORANDUM

TO: Dr. John Kelly  
President

FROM: Morley Barnett   
Inspector General

DATE: March 3, 2015

SUBJ: AUDIT OF TELECOMMUNICATIONS

In accordance with the University's Internal Audit Plan for fiscal year 2014/15, we have conducted an audit of the telecommunications function at Florida Atlantic University. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

We have made two recommendations to address our findings. We concur with the responses of the auditee which have been incorporated into the report. In accordance with our established procedures, follow-up will be performed subsequent to the issuance of this report to determine effective implementation of the recommendations by management.

Please call me if you have any questions.

cc: Provost  
Vice Presidents  
Auditees  
FAU BOT Audit and Finance Committee  
Inspector General, Florida Board of Governors  
Florida Auditor General

## EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2014/15, we have conducted an audit of the telecommunications function at Florida Atlantic University for the fiscal year ended June 30, 2014.

Our primary audit objectives were to determine whether:

- User departments were documenting their review of monthly telephone and wireless charges as required by university policies and procedures;
- Wireless devices/plans provided to employees were properly authorized by appropriate managers;
- Telecommunication work order requests related to new equipment installations, upgrades, relocation service orders, repairs, and other services, were accurate, properly approved and accounted for; and,
- Effective controls were in place for acquisition of telecommunications equipment and contractual services, and there was adherence to established university policies and procedures for general expenditures.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing on samples of telecommunication billings, work order requests, communication service and equipment contracts, expenditures, and examination of various records related to the fiscal management of the telecommunications function.

Based on the audit work performed, we are of the opinion that the evaluated telecommunications function was in general compliance with applicable laws, rules and regulations, university policies and procedures, and sound business practices. However, we did identify opportunities to improve adherence to the established procedure for completion of telephone and wireless usage verifications, as well as a need to formally document and manage employee access to telecommunication systems.

The details of our findings, as well as suggestions for corrective action, can be found in the Comments and Recommendations section of this report.



March 3, 2015

Dr. John Kelly  
President  
Florida Atlantic University  
Boca Raton, Florida

Dear President Kelly:

#### SCOPE AND OBJECTIVES

In accordance with the University's Internal Audit Plan for fiscal year 2014/15, we have conducted an audit of the telecommunications function at Florida Atlantic University for the fiscal year ended June 30, 2014.

Our primary audit objectives were to determine whether:

- User departments were documenting their review of monthly telephone and wireless charges as required by university policies and procedures;
- Wireless devices/plans provided to employees were properly authorized by appropriate managers;
- Telecommunication work order requests related to new equipment installations, upgrades, relocation service orders, repairs, and other services, were accurate, properly approved and accounted for; and,
- Effective controls were in place for acquisition of telecommunications equipment and contractual services, and there was adherence to established university policies and procedures for general expenditures.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing on samples of departmental telephone records, including wireless devices/plans, for ten academic and ten administrative areas to determine compliance with the university's monthly telephone billing verification procedures. In addition, monthly long distance personal calls identified by employees were reviewed to ensure accurate and timely reimbursement to the university.

We obtained an understanding of the telecommunications operations by reviewing written policies and procedures, interviewing key personnel, observing actual practices, and analyzing key internal controls. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls and assessment of audit risk, the availability of pertinent University records, and other factors including auditor judgment.

We conducted our audit in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

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## BACKGROUND

The university's telecommunication function is an auxiliary operation within the Office of Information Technology (OIT) and is managed by the Fiscal Management (FM) and Communication Infrastructure (CI) Departments. Fiscal Management is responsible for the budgetary, contract management, and general accounting requirements of telecommunications which includes the setup of annual encumbrances for all user areas, providing monthly user accountability reports for telephone and cellular devices, among other services.

The Communications Infrastructure Department manages all aspects of networking design, related infrastructure security, installation of cables and equipment, along with voice services for new construction and renovations. FAU's current telephone system is comprised of the traditional industry-standard private branch exchange (PBX), but migration is slowly being made to the IP PBX technology to take advantage of the internet as a global means of voice communications. In December 2003, an investment of approximately \$1,000,000 was made to upgrade the FAU telephone system. The new switch equipment was purchased from Siemens, currently operating as Unify Inc., one of the world's largest telecommunications service firms. The Unify system offers directory assistance/Intelli-SPEECH, audio conferencing, messaging, as well as video and web collaboration through its *OpenScope Voice V7* and *V8* modules. In addition, CI recently added the VeraSMART call accounting software to its operations in order to automatically join complex data from multiple sources into a single reporting tool, manage user work order requests, and better accommodate various users' accountability requirements.

During our audit period, the FM Department was staffed by a director, one associate director, and two administrative support employees. The CI Department was staffed by a communications director, two assistant directors, and five administrative employees. Overall security for the telecommunications operations is under the purview of the university's information security officer. Budgeted expenditures for the telecommunications function for fiscal year 2013/14 was approximately \$2.3 million which were primarily recouped through billings to individual FAU departmental users of telecommunication services. Management indicated that as of June 30, 2014, the university's telecommunications function serviced all campuses with approximately 5,400 landlines and 650 wireless devices, the latter primarily with university-approved cell phones.

## COMMENTS AND RECOMMENDATIONS

### **Current Findings and Recommendations**

#### *Need to Improve Adherence to Completion of Telephone and Wireless Usage Verification Forms*

Monthly reports of telephone and wireless usage activity, with related charges, are emailed by the Fiscal Management Department to responsible area managers for review. Established university procedures require responsible managers to complete and sign a standard *Telephone and Wireless Usage Verification* form and indicate whether calls were business related or of a personal nature. The form states that reimbursement must be made for all personal calls made from wired telephones, and for personal usage that exceeds wireless plans. Additionally, the form is required to be signed by an authorized signor for the Banner organization code to which telecommunications charges were assessed.

For six monthly billings during fiscal year 2013/14, we selected the following ten academic and ten non-academic areas to determine the extent of compliance with the university’s telephone and wireless usage verification procedures:

Academic areas selected for review	Banner Index	Non-academic areas selected for review	Banner Index
Nursing	B80000	Human Resources	F11500
Biological Sciences	B14000	Student Health Services	S03000
Chemistry	B11000	Enterprise Systems - OIT	A70000
CAUPA - Boca Raton	T10000	Marketing and Creative Services	V00609
Undergraduate Studies	B40003	Undergrad Admissions	A00683
Civil Engineering	B65000	Undergraduate Programs	B06003
Curriculum Culture ED	B58300	Sports Medicine - Athletics	S00714
Schmidt Arts and Letters	B30000	Student Financial Aid	S24000
Science-Medical/Surgical	M40000	Environmental Health and Safety	G14100
Education-Henderson Operations	B90000	Physical Plant	G70002

In addition to the review of six monthly billings for proper completion of verification forms, detailed compliance testing of those billings covered activity for 106 landline extensions, with \$2,221 of long distance charges, and \$3,529 in billings for 66 wireless devices. The following were the results of our tests:

- Verification usage forms covering activity for 39 landlines and 19 wireless devices were not completed and signed by area managers. In addition, long distance/local telephone toll calls appearing on 17 of the 39 landline extension billings had not been identified by responsible employees as either business related or personal.
- For eleven landline long distance personal usage reimbursements reviewed, four reimbursement amounts could not be verified because departments’ records did not identify personal calls; the amount of one reimbursement was less than listed on the verification form; and, as a result of our audit, reimbursement for a charge was made six months after being billed.

Recommendation No. 1

We recommend that Fiscal Management re-emphasize adherence to established university policies and procedures pertaining to completion of monthly *Telephone and Wireless Usage Verification* forms and reimbursement for personal calls.

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**Management’s Response**

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**Action Plan:**

A reminder will be sent to fiscal-I to re-emphasize the requirement to comply with the verification policy and procedure for reimbursement of personal calls. The Telephone and Wireless Usage Verification form will be updated to clarify that “wireless” includes cell phones, tablets, broadband cards (air cards), etc. (Our long-term plan is to change the current verification process to an on-line version using software that will enable users to identify their calls and sign electronically).



NOTE: Monthly, the following statement, with links, is sent to each individual along with their Personnel Usage report for wired and wireless devices:

Attached is your (month/year) Personnel Usage report for wired and wireless devices. **On a monthly basis, all users must complete a verification form after reviewing their bills for accuracy.** In order to comply with audit requirements, reimbursement must be made for all personal calls made from wired telephone(s), and for personal usage that exceeds wireless plan(s).

Link: Telephone and Wireless Usage Verification form: <http://www.fau.edu/oit/phone/verification-form.pdf>

Link: Telephone Bill Payment to make reimbursement for personal phone calls:  
<http://controller.fau.edu/telephone/>

**Implementation Date:**

March 16, 2015

**Responsible Auditee:**

Denise Payeur, Assistant VP - Fiscal Management

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*Password Management for Access to Telecommunications Systems*

Critical to effective and secure telecommunications operations is the management of administrative and user access to the Unify infrastructure and the related VeraSMART call accounting software. Inquiry of management indicated that current practice was to grant appropriate levels of access to employees of Communications Infrastructure and Fiscal Management Departments, but formal policies and procedures had not been developed for such access. It was explained that for VeraSMART, two Fiscal Management employees have administrative access and nine other OIT departmental employees have been granted user access. For the Unify system, two CI employees have administrative access and three other CI employees have configuration management user access. Management indicated that they were in the process of developing formal procedures for granting employee access to both systems, and that password changes were currently only being enforced for VeraSMART.

**Recommendation No. 2**

To prevent unauthorized access to the university's telecommunication systems and possible data breaches, management should complete the development of a formal documentation process for granting employees access to the VeraSMART and Unify systems. Consideration should be given to maintaining a list of all employees with access to a particular telecommunications system, along with the date access was granted, type of system access granted, date access was removed when applicable, and, date(s) of periodic password changes. This listing will prove critical if the duties of employees change, or if employment with Fiscal Management or CI is terminated. In addition, management should enforce the Office of Information Technology policy which requires its employees to change their passwords at least annually.

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## Management's Response

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### **Action Plan:**

The FAU Telecommunications department will develop a formal documentation process for auditing and granting access to the VeraSMART and Unify systems. Additionally, password changes will be required according to the Office of Information Technology policy.

### **Implementation Date:**

April 1, 2015

### **Responsible Auditee:**

Kenneth Rothhaar, Director - Communications Infrastructure

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### **Prior Audit Recommendations**

Our examination generally includes a follow-up on findings and recommendations of prior internal audits, where the subjects of such findings are applicable to the scope of the current audit being performed.

Within the past three years, our office has not conducted any audits related to the telecommunications function. Accordingly, a follow-up on prior audit findings is not applicable.

## CONCLUSION

Based on the audit work performed, we are of the opinion that the audited telecommunications function was being conducted in general compliance with applicable laws, rules and regulations, university policies and procedures, and sound business practices. We believe that our recommendations are cost-beneficial to implement and will strengthen management of the telecommunication function and the overall internal control environment.

We wish to thank the staffs of the Fiscal Management and Communications Infrastructure Departments, and other university departmental personnel for their cooperation and assistance which contributed to the successful completion of this audit.



Morley Barnett, CPA, CFE  
Inspector General

Audit Performed By: Ben Robbins, CPA